

# EX-IM BANK COVERAGE FOR SERVICES EXPORTS

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## AN INTRODUCTION

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### THE POLICY CHOICES

You can choose from three of our export credit insurance policies which can be endorsed to insure your foreign service contract receivables: Ex-Im Bank has published its Short Term Credit Standards (EIB99-09) for Exporters which may be consulted to determine the likelihood of approval for a policy.

#### **Multi-Buyer Policy**

- ! One-year, renewable policy covering billed receivables from all eligible service contracts.
- ! Coverage options for transactions with non-sovereign buyers: (1) 90%/100% for commercial and political risk losses, respectively, or (2) 95% for both commercial and political risk losses.
- ! Sovereign buyers are backed by the full faith and credit of their governments. All Ex-Im Bank policies offer 100% coverage on sovereign buyer transactions.
- ! Refundable minimum advance policy premium is \$500. An annual first-loss deductible applies.

#### **Multi-Buyer Policy for Small Businesses**

- ! One-year, renewable policy covering billed receivables from **all** eligible **service contracts** for service exporters new to exporting, generally having average annual credit exports of \$3 million or less for the preceding two years and meeting the U.S. Small Business Administration definition of a small business.
- ! Coverage is 95%/100% for commercial and political risk losses, respectively.
- ! Refundable minimum advance policy premium is \$500. No deductible applies.
- ! An Enhanced Assignment of proceeds may be issued which makes the insured receivables more attractive to potential financing banks as it protects the assignee against events which might otherwise be cause for a claim denial.

#### **Short-Term Single-Buyer Policy**

- ! Covers billed receivables from a single service contract between you and a foreign buyer up to a specified credit limit.
- ! Coverage is 90% for either commercial or political losses on transactions involving non-sovereign buyers. For letter-of-credit transactions coverage is 95% for either risk category.
- ! Full premium is paid up front prior to issuance of the policy and reflects the major risk elements of the transaction. Minimum premiums vary based on buyer risk classification and size of exporter.
- ! No first-loss deductible. No requirement to insure a spread of foreign buyers.
- ! An enhanced assignment of proceeds may be issued to small businesses which makes the insured receivables more attractive to potential financing banks as it protects the assignee against events which might otherwise be cause for a claim denial.

### THE BENEFITS

#### **Risk Protection**

- ! Protect your foreign receivables on performed services from specified political and commercial risks.

#### **A Marketing Tool**

- ! Extend more attractive credit terms to assist you in competing for foreign service contracts.
- ! Reduce the need for costly confirmation of letters of credit.
- ! Expand into new markets.

#### **A Financing Aid**

- ! More favorable financing may be obtained by assigning policy proceeds to your lender as collateral. See Ex-Im Bank's Short Term Credit Standards (EIB99-09) Exporters for an Enhanced Assignment to determine the likelihood of approval for such an assignment. Enhanced assignments are not available to exporters using an Ex-Im Bank or US Small Business Administration Working Capital Guarantee.

## TYPES OF LOSSES COVERED

### Political Risks Covered

- ! A foreign government's inability to convert local currency into U.S. dollars.
- ! Specified changes in import or export regulations occurring after contract signing.
- ! War, civil strife, revolution or expropriation by a government authority.

### Commercial Credit Risks Covered

- ! Nonpayment for reasons other than political risk, including default, insolvency and bankruptcy, but excluding contract cancellation or other disputes between you and the buyer.

### Interest Coverage

- ! Documented and legally enforceable interest charges are covered up to the prime rate, less ½%.

## EXTENDING CREDIT

- ! Insureds with a Multi-Buyer Policy or Small Business Policy may have a discretionary credit limit (DCL) permitting services export billings to be covered without prior Ex-Im Bank approval, subject to policy terms and conditions. See Ex-Im Bank's Short Term Credit Standards (EIB99-09) - Exporters for a DCL to determine the likelihood of approval of a DCL. The foreign buyer must be creditworthy for the amount and term of the credit. Requests for credit amounts exceeding the DCL are reviewed by Ex-Im Bank subject to completion of a special buyer credit limit (SBCL) application.
- ! Under the Short-Term Single-Buyer policy, applications are required for coverage on each eligible buyer. Once the credit limit is in effect, billings to that buyer are covered as long as policy conditions are met and the outstanding amount does not exceed the authorized credit limit.
- ! Maximum eligible credit terms are generally 180 days.
- ! Ex-Im Bank has published its Short Term Credit Standards (EIB99-09) for Buyers which may be consulted to determine the likelihood of approval for a buyer under a SBCL or Short Term Single Buyer Policy application.

## CLAIMS

- ! Claims can be filed between 90 and 240 days after the default date.
- ! Properly documented claims are paid within 60 days of receipt.

## ELIGIBLE SERVICES

- ! Services performed by personnel headquartered in the United States or by U.S.-based personnel temporarily assigned to a buyer's country or originating from charges for materials and equipment of U.S. origin necessary to render services.
- ! Regularly invoiced billings should be made no later than 30 days following the month services are performed.

## WHO WE ARE

- ! Ex-Im Bank is the Export-Import Bank of the United States, an independent agency backed by the full faith and credit of the U.S. Government.

## WHO TO CONTACT:

For more information, contact or ask your insurance agent or broker to contact:

**EXPORT-IMPORT BANK OF THE U.S., INSURANCE DIVISION, 811 VERMONT AVE., NW, WASHINGTON, DC 20571**  
**Tel. No. (202) 565-3630 or 1-800-565-EXIM(3946), Fax. No. (202) 565-3675 Internet <http://www.exim.gov>**

Or call one of the regional offices in the:

Midwest-Chicago (312) 353-8081, Northeast-New York (212) 466-2950, Southeast-Miami (305) 526-7425, Southwest-Houston (281) 721-0465, MidAtlantic-Washington, DC (202) 565-3940 and West-Los Angeles (562) 980-4580, Orange County (949) 660-1688ext150, San Jose (408) 271-7300ext104.

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